

Message Text

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43

ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 PRS-01 USIA-06

AGR-05 FTC-01 EA-06 ARAE-00 /104 W
----- 017934

P R 151615Z APR 75

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC PRIORITY 7616

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

LIMITED OFFICIAL USE SECTION 1 OF 2 PORT OF SPAIN 0835

E.O. 11652: N/A

TAGS: ELAB, PINT, ENRG, PFOR, TD

SUBJECT: GOTT TO TAKE OVER TEXACO MARKETING OPERATIONS

REF: POS 797 AND PREVIOUS

SUMMARY: PRIME MINISTER WILLIAMS ANNOUNCED ON APRIL 11 THAT THE GOVERNMENT WOULD TAKE OVER ALL OF TEXACO'S DOMESTIC MARKETING OPERATIONS IN TRINIDAD BUT THAT THE GOTT DID NOT INTEND TO NATIONALIZE THE COMPANY'S MAJOR REFINERY AND OTHER OPERATIONS UNDER PRESENT CIRCUMSTANCES. THE GOTT WILL, HOWEVER, INITIATE DISCUSSIONS WITH TEXACO ON A NEW RELATIONSHIP. THE PRIME MINISTER ALSO STATED THAT, DESPITE THE STRIKE OF SUGAR WORKERS AND CANE FARMERS, THE GOTT-CONTROLLED CARONI SUGAR COMPANY WOULD FULFILL ITS CONTRACTS TO EXPORT 24,000 TONS OF SUGAR THIS MONTH AT VERY FAVORABLE PRICES. END SUMMARY.

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1. SPEAKING BEFORE A PARTISAN AUDIENCE IN POINT FORTIN, SITE OF THE GOVERNMENT-OWNED TRINTOC (FORMERLY SHELL) OIL REFINERY IN SOUTH TRINIDAD ON APRIL 11, PRIME MINISTER ERIC WILLIAMS ANNOUNCED THAT THE GOVT WOULD TAKE OVER FROM TEXACO THE OPERATION OF ITS SERVICE STATIONS, THE MARKETING OF AVIATION AND BUNKERING FUELS, AND THE MARKETING OF BOTTLED DOMESTIC GAS. HE ALSO SAID THAT THE GOVERNMENT WOULD INITIATE "POSITIVE" DISCUSSIONS WITH TEXACO ON A "NEW RELATIONSHIP." AFTER CITING SEVERAL SUPPORTING EXAMPLES LIKE INDONESIA AND VENEZUELA, THE PRIME MINISTER INDICATED THAT THE ""NEW RELATIONSHIP" WOULD NOT INVOLVE NATIONALIZATION OF THE COMPANY BUT WOULD BE AN AGREEMENT OF FIXED DURATION FOR THE CONTINUED OPERATION OF THE COMPANY IN TRINIDAD ALONG THE LINES OF INDONESIA'S AGREEMENT WITH TEXACO.

2. THE PRIME MINISTER'S ANNOUNCEMENT WAS RATIFIED AT A SPECIAL CABINET MEETING ON APRIL 14 WHERE IT WAS DECIDED THAT THE GOVERNMENT-OWNED NATIONAL PETROLEUM COMPANY WOULD BUY OUT TEXACO'S MARKETING OPERATIONS AND DESIGNATED THE COMPANY'S CHAIRMAN TO REPRESENT THE GOVERNMENT IN THE NEGOTIATION OF PRICE AND TERMS WITH TEXACO. THE CABINET ALSO DECIDED THAT DEFENSE FORCE PERSONNEL WOULD BEGIN SUPPLYING GASOLINE TO TEXACO SERVICE STATIONS IN ADDITION TO THEIR DELIVERIES TO TRINTOC AND NP STATIONS AND THAT SUPPLIES OF THE LIQUEFIED PETROLEUM GAS MANUFACTURED BY TEXACO WOULD BE MADE AVAILABLE TO THE PUBLIC IN SPITE OF THE CONTINUING STRIKE BY THE OILFIELD WORKERS TRADE UNION (OWTU) AGAINST THE COMPANY.

3. REFERRING IN HIS SPEECH TO THE CURRENT INDUSTRIAL UNREST IN THE SUGAR AND OIL AREAS, THE PM SAID THAT THE COUNTRY HAD ALREADY LOST BETWEEN US\$75 AND 100 MILLION WHICH WOULD HAVE A SERIOUS IMPACT ON THE BALANCE OF PAYMENTS SITUATION AND ON THE 1975 BUDGET. HE SAID THAT THE PRESENT SITUATION WAS THE RESULT OF THE FREEDOM WHICH EXISTED IN TRINIDAD AND TOBAGO, UNLIKE MOST THIRD WORLD COUNTRIES WHERE UNIONS EITHER DID NOT EXIST OR WERE UNDER VERY STRICT CONTROLS, AND THAT IRRESPONSIBILITY WAS THE PRICE THE COUNTRY HAD TO PAY FOR THIS FREEDOM. HE NOTED, HOWEVER, THAT THE LIMITED OFFICIAL USE

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DUTY OF THE POLICE WAS TO REDUCE THE IRRESPONSIBILITY AND SEVERAL TIMES PRAISED THE POLICE AND THE DEFENSE FORCE FOR THEIR PERFORMANCE. THE PRIME MINISTER SAID THAT HE HOPED IT WOULD NOT BE NECESSARY FOR THE GOVERNMENT TO DO MORE TO MAINTAIN ESSENTIAL SERVICES IN THE PRESENT DIFFICULTIES.

4. ALTHOUGH HE DID NOT ADDRESS THE CENTRAL ISSUE IN THE PRESENT SUGAR DISPUTE-RECOGNITION OF RAFFIQUE SHAH'S

CANE FARMERS UNION-THE PM STATED THAT CABINET HAD DECIDED THAT THE COUNTRY WOULD HONOR ITS CONTRACTS TO EXPORT 24,000 TONS OF SUGAR THIS MONTH WORTH ABOUT US\$35 MILLION. THE GOVERNMENT WILL MAKE THE REMAINING SUGAR AVAILABLE TO INDUSTRIAL USERS FIRST AND WILL, IF NECESSARY, IMPORT SUGAR TO MEET OTHER DOMESTIC REQUIREMENTS. HE ALSO ANNOUNCED THAT THE CABINET HAD EXTENDED THE PRESENT ARRANGEMENTS FOR THE DEFENSE FORCE TO DELIVER SUGAR TO INCLUDE DELIVERY OF MOLASSES FOR THE RUM DISTILLERIES.

5. AS IN THE SUGAR DISPUTE, DR. WILLIAMS DID NOT DEAL WITH THE SUBSTANCE OF THE TEXACO-OWTU CONTRACT NEGOTIATIONS BUT NOTED THAT WITH THE CURRENT WORLDWIDE OVERSUPPLY OF OIL AND REFINERY CAPACITY, THIS WAS NOT THE BEST TIME FOR TRINIDAD UNILATERALLY TO CLOSE ITS REFINERY AND REDUCE ITS PRODUCTION OF OIL.

6. AS EXPECTED, REACTION TO THE PRIME MINISTER'S SPEECH WAS MIXED, WITH THE BUSINESS COMMUNITY -- REPRESENTED BY THE CHAMBER OF COMMERCE -- STRONGLY ENDORSING THE ACTIONS, AND LEADERS OF THE STRIKING UNIONS DENOUNCING THEM. OWTU PRESIDENT GENERAL GEORGE WEEKES, WHO HAS CALLED FOR FULL NATIONALIZATION OF TEXACO, TERMED THE MARKETING TAKEOVER "SCRAMBLING AFTER CRUMBS," PRESIDENT GENERAL OF THE ALL TRINIDAD SUGAR WORKERS UNION BASDEO PANDAY SAID THAT THE PRIME MINISTER WAS PREPARED TO PUSH THE SUGAR WORKERS AND FARMERS TO THE BRINK OF STARVATION. THE TAPIA GROUP ACCUSED THE PRIME MINISTER OF PLAYING POLITICS WITH THE TAKEOVER ALTHOUGH THEY BASICALLY AGREED WITH THE STEP AND THEN WENT ON TO TERM THE UNITED LABOUR FRONT AS BEING NEITHER LABOR NOR UNITED BUT "LARGELY AN ATTEMPT BY EXTREMELY CONVENTIONAL POLITICAL MANIPULATORS TO FIND A SHORT-CUT TO POLITICAL OFFICE BY GAMBLING WITH THE YEARNINGS OF THE WORKERS IN OIL AND LIMITED OFFICIAL USE

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SUGAR FOR JUSTICE, PEACE, AND BREAD."

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SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 PRS-01 USIA-06

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P R 151615Z APR 75

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC PRIORITY 7617

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

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7. COMMENT: THE TONE AND STYLE OF THE PRIME MINISTER'S SPEECH, WHICH HE DELIVERED WITHOUT A PREPARED TEXT, WERE INFORMAL, SOMETIMES RAMBLING, AND ANIMATED IN MARKED CONTRAST TO THE CAREFULLY ENNUMERATED, WELL-ORGANIZED, FORMAL PRESENTATION WHICH DR. WILLIAMS USUALLY USES FOR IMPORTANT POLICY MATTERS. IN FACT, THE SPEECH HAD MORE IN COMMON WITH AN ELECTION CAMPAIGN WITH DR. WILLIAMS FREQUENTLY LASPSING INTO TRINIDAD VERNACULAR TO MAKE A POINT. THE MAJOR POINTS OF THE ADDRESS, WHICH THE PRIME MINISTER STATED IN THE OPENING FEW MINUTES AND TO WHICH HE DID NOT RETURN FOR AMPLIFICATION, WERE EVIDENTLY EITHER HASTILY ARRANGED OR TIGHTLY HELD, SINCE TEXACO WAS CAUGHT UNAWARE OF THE IMPENDING TAKEOVER OF ITS MARKETING OPERATIONS AND SINCE NO PLAN OF ACTION FOR THE TAKEOVER HAS YET BEEN MADE PUBLIC.

8. PRIME MINITER WILLIAMS HAD ANNOUNCED IN JANUARY 1974 THAT THE GOTT WOULD ACQUIRE SOME SORT OF EQUITY PARTICIPATION
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IN TEXACO OPERATIONS IN TRINIDAD. ACCORDING TO TEXACO, HOWEVER, AT THAT TIME THE COMPANY HAD MERELY AGREED "IN PRINCIPLE" TO DISCUSS PARTICIPATION WITH THE GOTT, AND NO FURTHER PUBLIC ANNOUNCEMENTS WERE MADE. SUBSEQUENTLY, TEXACO AGREED TO BUILD TWO PETROCHEMICAL PLANTS ON A JOINT VENTURE BASIS (51 PERCENT GOTT, 49 PERCENT TEXACO), AND THE COMPANY SEEMED TO HAVE SUCCESSFULLY AVOIDED ANY DISCUSSION OF GOTT PARTICIPATION IN ITS EXISTING INVESTMENTS

IN TRINIDAD. THESE INVESTMENTS COMPRISE A 350,000 BPD REFINERY, MINOR PRODUCING PROPERTIES (ABOUT 45,000 BPD), AND REGIONAL AND DOMESTIC MARKETING OPERATIONS. THE LATTER COMPRISES 76 GAS STATIONS, AVIATION AND SHIP BUNKERING FACILITIES AND ABOUT 55 PERCENT OF THE MARKET FOR HOUSEHOLD COOKING GAS. OF ALL THE TEXACO OPERATIONS IN TRINIDAD, THEREFORE, THE GOVERNMENT CHOSE WHAT IS PROBABLY THE LEAST SIGNIFICANT TO THE COMPANY BUT THE MOST VISIBLE TO THE PUBLIC, AND WHICH WILL PROBABLY ENTAIL THE LEAST INVOLVEMENT BY THE GOTT, SINCE MOST OF THE SERVICE STATIONS ARE LEASED TO PRIVATE OPERATORS AND THE DISTRIBUTION OF TEXACO'S PRODUCTS IS LARGELY HANDLED BY INDEPENDENT CONTRACTORS.

MILLER

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